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V BUSINESS

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en Begins es Plan ...ough Amway

Coachmen Vans, Elkhart, Ind., has struck an agreement with Amway Corp., Ada, Mich., to market its custom van packages through the more than 600,000 national distributor network of Amway as of Jan. 1, 1988.

The program, awarded by bid to Coachmen, is a new marketing concept for van conversions that, according to Sid Johnson, vice president of sales and marketing for Coachmen Industries Inc., will not be carried over to the RV side of Coachmen's business.

"No," said Johnson, "we have given no consideration to—nor do we intend to give any sort of

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Chevy, Ford Project '88 Chassis Sales

The Detroit chassis suppliers are readying for slow sales of Class A chassis for model-year 1988.

Chevrolet Motors Division of General Motors Corp., Warren, Mich., is expecting to sell about 31,500 Class A chassis in the 1988 model year, off from approximately 36,000 last year, according to company sources. Chevrolet's reduced projections are mainly a reflection of increased competition from Deere & Co., Moline, Ill., and Ford Motor Co., Dearborn, Mich., said sources.

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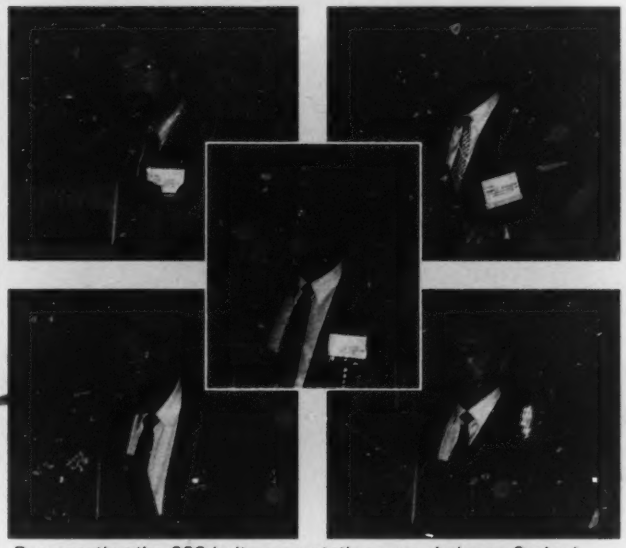

Representing the CCC in its presentation were chairman Gaylord Maxwell (center) and (clockwise from upper left) Mike Mitchell, president of Nu Wa Industries Inc.; Randall Henderson, president of Outdoor Resorts of America; Charles Miller, president of Reese Products; and Jack Moran, Rhode Island dealer and RVDA president.

Consumer Care Report Unveiled To Help Solve Industry Concerns

The long-awaited and much-discussed report by the independent Consumer Care Commission (CCC) was released to a group of RV industry executives at a joint meeting of RVDA and the RV/MH Hall of Fame banquet during last month's Louisville RV Show.

The 20-page report addressed ways in which RV-related companies can improve consumer satisfaction and, in turn, expand their marketplace. Given the "constructively critical" nature of the document, members of the CCC urged industry leaders to keep an open mind in reviewing the document in the hopes it will create the impetus for industrywide discussions of the topics raised by the CCC report.

In introducing the "Recommendations for Consumer Care" report, Commission Chairman Gaylord Maxwell, industry relations director for TL Enterprises Inc., explained that formation of the 17-member commission was promoted last year by RVDA's Long-Range Planning Committee in the belief that one of the major constraints to RV market expansion was the "less-than-the-best after-sale care" often afforded consumers.

The commission, an autonomous pan-industry group formed at last year's national show, consisted of three representatives from each of the four major segments of the RV industry: manufacturers, dealers, suppliers, accommodators (campground operators). Also on the panel were three consumer representatives of which two represented major RV clubs: Good Sam® and the Family Motor Coach Association.

The goal was to identify industry problems, as perceived by the consumer, and spawn "a corporate philosophy of customer care."

Commission members were openly sensitive to the possiblity that their unprecedented report, in that it focuses on "problems," might be viewed as a negative approach. But Maxwell emphasized that the industry clearly is on the right track. An active RV traveler and former dealer, Maxwell said the RV sector has made tremendous strides in quality control and warranty service since the '60s and early '70s. In fact, he stressed, the report included no "revolutionary" information among its findings, covering everything from personnel attitudes to component reliability.

But Maxwell and other commission members addressing the Louisville group, including Nu Wa Industries Inc. President Mike Mitchell, Rhode Island dealer and RVDA President Jack Moran, Reese Products President Charles Miller and Outdoor Resorts of America President Randall Henderson, maintained there's plenty of room for improvement. And they believe that the report can be a good tool for self-evaluation.

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JAN. 8, 1988 TWO DOLLARS

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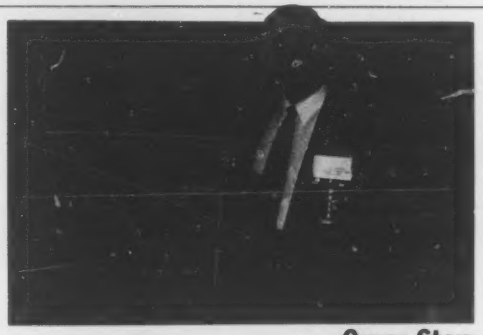

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DAB PERSPECTIVE

OCTOBER SALES REMAIN STABLE

GAYLORD MAXWELL

Wall Street took it on the chin in October, but the RV industry didn't even feel a bump, according to *RV Business'* Dealer Advisory Board (DAB). In fact, 82% of the DAB did better in October 1987 than in October 1986 for new and used, both in terms of dollars and units sold. Three of the five RV types were up in new-unit sales; all five were up in used sales.

Although profit ratings on new units weren't generally rated as high, only three said profits were poor. Used-unit profits were said to be only fair to good by about half of the DAB members; the other half rated them as excellent. Service and accessory profits held up well in October, with the excellent category getting the most marks. No one rated profits in this area as poor.

Inventories appeared to be in reasonably good shape, as well. Most DAB members reported that their stock was about average in terms of new inventory, with only a few calling their stock high. However, in used units, ratings were about equally divided among high, average and low.

All factors considered, October was a good month. Taking into account what happened to the stock market and what could have happened to the RV market, it was fantastic.

Motorhomes

Motorhome dealers were about evenly split: about half were behind last October's figures, and the other half were ahead. The dealership's size had no bearing on whether or not sales were up or down.

October is the time when many dealers are willing to unload last year's models at bargain prices, but grosses were holding up quite well. Most DAB members rated profits as good. There were some complaints of shortages of "hot" models, but fast turnover and excellent grosses were reported when models did arrive on the lots.

Used units were still moving very well, and sales were almost equal to those of new. Profits were excellent.

In spite of much higher gasoline prices, very limited tax advantages and higher motorhome prices, sales have been stronger in 1987 than in the previous year. The 16% new-unit increase for the year-to-date was evidence that people are willing to pay the price, if it's something they want.

Travel Trailers

New travel trailers were in the doldrums—not bad, but definitely off the pace set earlier this year. For the month, most dealers had numbers pretty close to those of last year, but a couple skidded rather drastically and brought the average down. Used sales were excellent, however.

New-unit profits were rated good to fair. The 4% new-unit sales increase for the year-to-date wasn't great, but it was a positive note. However, there were no indications that sales of trailers will suddenly accelerate.

Truck Campers

New-camper sales numbers weren't large, but the percentages were great. It was apparent that those dealers who handle this type were making gains. Used sales were good for the month, too. Profits were generally rated to be good.

Year-to-date, campers were well ahead of last year in both new and used. What appeared earlier this year to be a mild resurgence in sales of this type has apparently held up.

Camping Trailers

Fortunately, the unit numbers weren't large, so the strong monthly percentage drop in new folding-trailer sales did not reflect a dramatic change in the overall picture. Sales of this type are minimal at this time of the year. However, the facts that it was an unusually large monthly decrease and that the year-to-date figure was negative suggest that dealers should be looking for reasons for the drop. Sales of this "entry-level" type of RV unit are a vital ingredient in the present RV-sales picture and, to some extent, an indicator of future sales.

Profit ratings were mixed—ranging from excellent to poor.

Fifth-wheels

October's fiver sales were very limited in number of units, but the percentage change was large. However, unlike camping trailers, new fifth-wheel sales were up. Used sales were good. Year-to-date, new and used were in the plus column.

Profit ratings varied greatly, with a strong emphasis in the fair column. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	OCT. 1987	OCT. 1986	% CHANGE	1987	1986	% CHANGE	OCT. 1987	OCT. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	141	132	+ 7	1,418	1,221	+16	120	117	+ 3	1,329	1,237	+ 7
TRAVEL TRAILERS	87	92	– 5	1,121	1,077	+ 4	96	80	+20	1,051	1,025	+ 3
TRUCK CAMPERS	21	16	+31	212	186	+14	12	8	+50	117	105	+11
CAMPING TRAILERS	29	38	–24	969	1,013	– 4	16	15	+ 7	318	303	+ 5
FIFTH-WHEELS	26	20	+30	257	237	+ 8	14	12	+17	172	135	+27

	FOR MONTH			YEAR-TO-DATE		
	OCT. 1987	OCT. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$11,361,716	$10,424,772	+ 9	$117,776,518	$107,158,050	+10
TOTAL UNIT SALES	562	530	+ 6	6,964	6,539	+ 6
NEW-UNIT SALES	304	298	+ 2	3,977	3,734	+ 7
USED-UNIT SALES	258	232	+11	2,987	2,805	+ 6

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman**, Baldwin Park, Calif.; **Annette Autry-Miller**, Fayetteville, N.C.; **Robert Azevedo**, Sunnyvale, Calif.; **Jack Cole**, North Hollywood, Calif.; **Dick Deason**, Victor, N.Y.; **Bill De Groot**, Junction City, Ore.; **Crosby Forrest**, Newport News, Va.; **Denny Gemel**, Fresno, Calif.; **Jerry Greer**, Columbus, Ohio; **Jerry Harrison**, Waco, Texas; **Dottie Helgeson**, Seattle, Wash.; **Newton Kindlund**, Orlando, Fla.; **Ozzie Leonard**, Sayville, N.Y.; **Larry McClain**, Oklahoma City, Okla.; **Jack Moran**, Warwick, R.I.; **Mike Peay**, Albuquerque, N.M.; **Edward Peterson**, Lafayette, Ind.; **William Pfeir**, Warren, Mich.; **Tom Schaeffer**, Shoemakersville, Pa.; **Mel Shipp**, Chattanooga, Tenn.; **Jack Sizemore**, Amarillo, Texas; **Bill Thomas**, Bridgeton, Mo.; **Larry Washburn**, Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

WDA SALES, INVENTORIES RISE

MORTON J. MARCUS

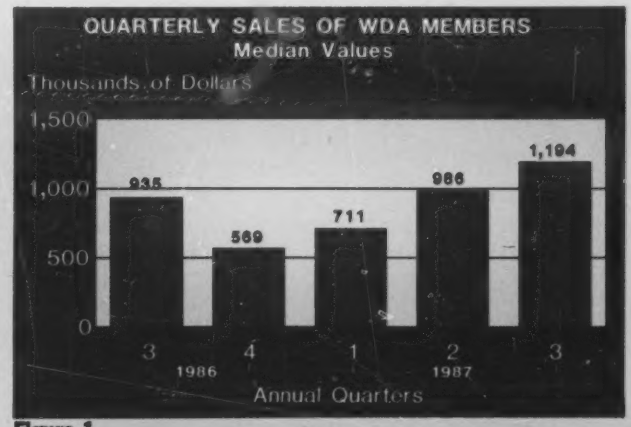
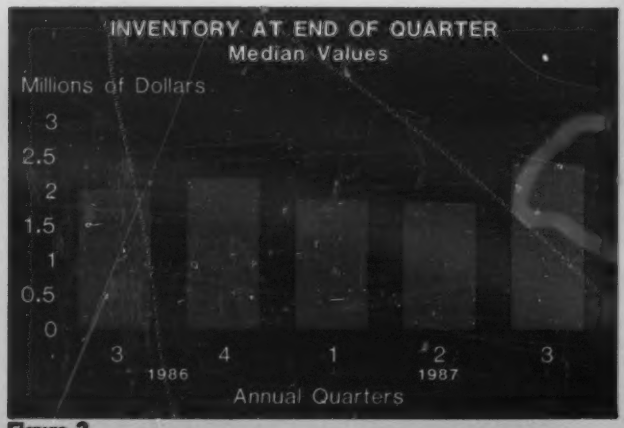


Figure 1



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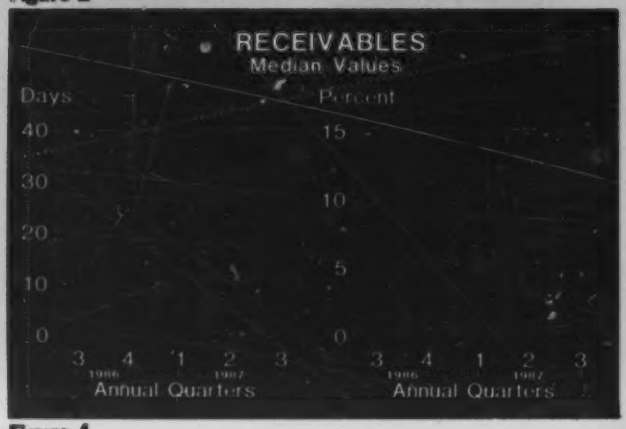

Figure 4

For the first time since the spring of 1986, median aftermarket sales for a quarter topped the million-dollar mark. This record was indicated by the latest data from the membership survey of the Warehouse Distributors Association (WDA).

Participating firms had an increase in sales in the third quarter of 1987. Not only were average (median) sales up 21% from the second quarter of this year, but they also showed a gain of 28% from the third quarter of 1986. *(See Figure 1.)* This gain in sales was reinforced by the special comparison data available from the WDA study for firms reporting in the third quarter of both 1986 and 1987. For the 24 firms (18 U.S. and six Canadian) which participated in both years, total sales grew by 18.4% between 1986 and 1987, and the median value was up 29.5%. This strong sales gain was about equal for U.S. and Canadian companies.

In support of these sales gains, the participating companies allowed inventories to grow in the past year. For the firms reporting in both years, the total value of inventories advanced by 22% between the third quarter of 1986 and 1987. *(See Figure 2.)* In addition, the growth in inventories, as reported by all firms, climbed faster in the third quarter of 1987 than in 1986.

The fact that not all the same companies report every quarter sometimes gives rise to strange results in the WDA data. Here is a good example: Sales have grown less rapidly than inventories, but the sales-to-inventory ratio shows almost no change. *(See Figure 3.)* This is due to the fact that not all firms report each quarter and not all firms complete the requested information, diluting the interpretive value of some data. The sales-to-inventory should have fallen, but for the firms reporting both sales and inventory the median value rose. This conflicting indication emphasizes the need for all firms to participate regularly and fully in the process of data gathering.

The rising trend of the sales-to-inventory ratio, if reliable, is a positive indication of strength for this sector of the RV industry. It would indicate that wholesalers are turning inventory faster and are less inclined to be caught with high inventories, if demand slackens.

As occurred a year ago, receivables in the third quarter showed longer collection times than in the second quarter. Last year at this time, the average days for receivables climbed from 28 to nearly 32 days between the second and third quarters. This year, there was a similar tendency—from 23 to 27 days. *(See Figure 4.)*

These aftermarket data were obtained from the confidential reports sent voluntarily by WDA-member firms to the Indiana Business Research Center at Indiana University for tabulation. Each participating WDA member receives a private report in which that firm's record over the past five quarters is compared with industry averages.